

# COLORADO DEPARTMENT OF THE TREASURY

Joint Budget Committee

February 6, 2008

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**[www.colorado.gov/treasury](http://www.colorado.gov/treasury)**

# CoverColorado

- Current funding structure is unsustainable
  - 2009 – 2011: CoverColorado is funded with premiums and monies from the Unclaimed Property Fund until Unclaimed Property Fund is spent down to minimum reserve level.
  - 2012 forward: Insurance Carrier assessment restored at \$108 million in 2012 and \$122 million in 2013 as there is little remaining balance in the UPF to support the program
- Goal:** smooth out the contributions from UPF and insurance carriers so that neither carries too much burden at any one time

# CoverColorado

## Current Law - Revenue

(with sunset reauthorization)

- UP supports the program until UPF is spent down

	UP	Carriers
2009	\$50	\$0
2010	\$67	\$0
2011	\$64	\$0
2012	\$38	\$108
2013	\$31	\$122

## Proposed - Revenue

- Premiums 50%
- UPF 25%
- Carriers 25%

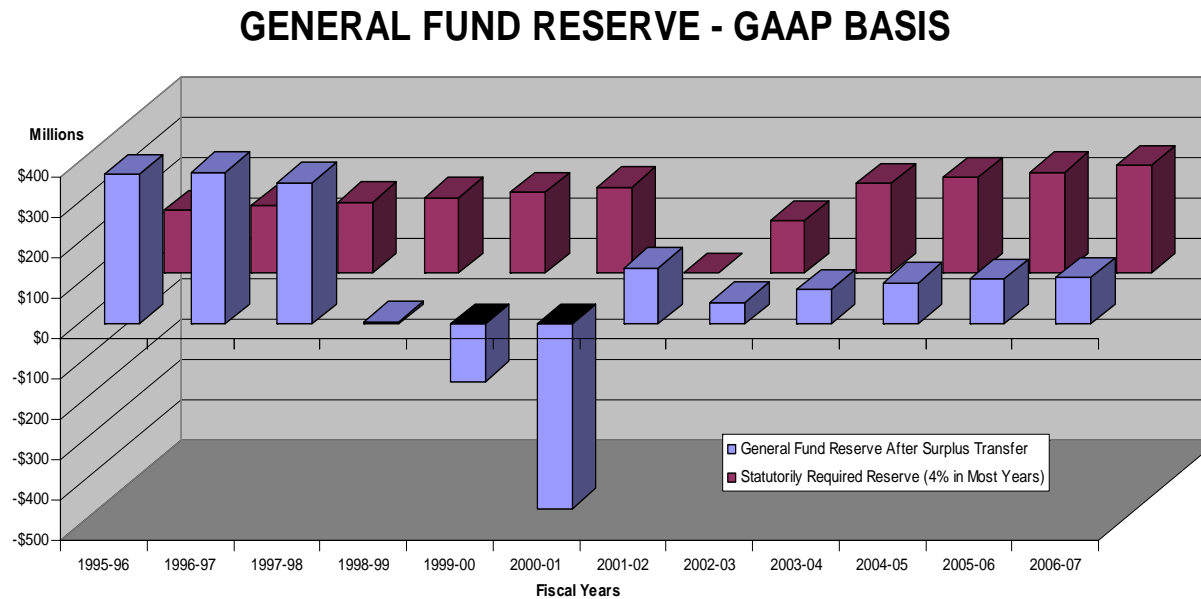
	UP	Carriers
2009	\$26	\$26
2010	\$32	\$32
2011	\$39	\$39
2012	\$48	\$48
2013	\$63	\$63

# Reserves

- Increase Savings
  - 15 years ago Colorado held in excess 10% of the General Fund operating budget in reserve; today it holds only 4%
  - The average among states is 7%.
  - Efforts to raise the General Fund reserve requirement (and thereby reduce HB 1310 transfer) have failed in the past.

# Reserves

After recognizing all current liabilities of each fiscal year as required by generally accepted accounting principles and including the required transfers, the state falls well below the statutory four percent reserve



# Reserves

## Increase General Fund Savings

- Delay HB 02-1310 transfer to HUTF by 6 months
- Retain funds in a temporary holding account earning the same interest as if in HUTF
- Transfer made after GA has received March forecast

## Increase Cash Fund Savings

- Raise cap on cash fund balances
- SB 98-194 established a limit on the amount of reserves that may be maintained in cash funds (unless specifically exempt).
- Generally, the reserve limit is equal to 16.5 percent of the total expenditures in the cash fund during the fiscal year. **This amount is roughly equal to a two-month spending reserve.**
- In 2007 there were 39 cash funds with excess reserves totaling \$14.5 million.